

Message Text

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41

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TAGS: ENRG:ECAF:INTERGOVERNMENTAL MEETING ON IMPACT OF ENERGY

1. SUMMARY: WHILE IRAN AND INDONESIA, ASSISTED BY MALAYSIA, HAVE SOUGHT DILUTE AND DIVERT EFFECTS OIL PRICE INCREASES ON OTHER ECAFE REGIONAL MEMBERS, MESSAGE HAS COME THROUGH THAT THESE PRICES HAVE SERIOUSLY DISRUPTED ECONOMIES AND DEVELOPMENT PROGRAMS THESE LATTER COUNTRIES. U.S. STATEMENT ON WORLD ENERGY SITUATION AND WASHINGTON ENERGY CONFERENCE INITIATIVE WELL RECEIVED.

2. CONFERENCE OPENED WITH COMPROMISE ON AGENDA, AT INSISTENCE INDONESIA, SUPPORTED BY PAKISTAN AND MALAYSIA, ELIMINATING MENTION OIL PRICES AND SUPPLY BY SUBSTITUTION WORDS "ENERGY CRISIS" IN ITEMS 5 AND 6. THIS SENSITIVITY OF ECAFE'S TWO OIL EXPORTERS TO EFFECTS THEIR ESCALATING PRICES ON OTHER MEMBERS HAS COME THROUGH STRONGLY IN ALL THEIR INTERVENTIONS RELATING OIL TO INFLATING PRICES OF MANUFACTURED AND OTHER GOODS AND POINTING UP THEIR OWN LARGE DEVELOPMENT NEEDS. IRAN SAID ENERGY CRISIS BEING USED AS EXCUSE FOR DEVELOPED COUNTRIES TO REDUCE ASSISTANCE TO DEVELOPING NATIONS. ALSO IRANIANS HAVE

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SOUGHT BUILDUP THEIR WILLINGNESS LEND FUNDS TO IMF AND IBRD AS

MAJOR CONTRIBUTION TO EASING DEVELOPING COUNTRIES' FINANCIAL PROBLEMS. WHILE THERE HAS BEEN TENDENCY SOME ASIAN PARTICIPANTS (PAKISTAN, INDIA AND BANGLADESH IN PARTICULAR) TO WRAP THEIR ANALYSES OF EFFECTS ENERGY CRISIS IN ARGUMENT THAT PRIMARY COMMODITIES TEND TO BE UNDERVALUED, THE FACTS AND FIGURES OF THE EXTREMELY DETRIMENTAL ECONOMIC AND DEVELOPMENT EFFECTS OF THE OIL PRICE INCREASES HAS COME THROUGH LOUD AND CLEAR. THE DELEGATE FROM SRI LANKA, WHO ALSO FIRST VICE CHAIRMAN AND CHAIRMAN DRAFTING COMMITTEE, MINCED NO WORDS IN SINGLING OUT THE OIL PRICE RISES AS THE CAUSE OF HIS COUNTRY'S UNMANAGEABLE ECONOMIC SITUATION AND IN STATING THAT ONLY GRANTS AND NOT LOANS FROM OIL EXPORTERS WOULD SUFFICE AS EFFECTIVE ASSISTANCE. MALAYSIA AND INDONESIA, WITH UNPRECEDENTED INTERVENTIONS BY NONREGIONAL EGYPTIAN OBSERVER, SOUGHT ESTABLISH RESTRICTED DRAFTING GROUP TO EXERCISE INFLUENCE OVER CONFERENCE REPORT, BUT OTHER ASIAN PARTICIPANTS WOULD NOT SIT STILL FOR THIS AND THERE WILL BE DRAFTING COMMITTEE FORMED FROM COMMITTEE AS WHOLE.

3. WE MADE STATEMENT IN AFTERNOON TUESDAY, FEBRUARY 26 SESSION, UNDER ITEM 5 WHICH SET FORTH U.S. VIEWS AND POLICIES RE WORLD ENERGY PROBLEM WITH FOCUS ON PURPOSE AND RESULTS WASHINGTON ENERGY CONFERENCE, NOTING THAT COORDINATING GROUP WOULD BE ENGAGING IN CONSULTATIONS WITH DEVELOPING AND PRODUCING COUNTRIES IN PREPARING FOR FUTURE CONSUMER/PRODUCER COUNTRY MEETINGS. THIS U.S. INTERVENTION HAD BEEN AWAITED WITH INTEREST BY MEETING AND WAS WELL RECEIVED WITH INDIA, PAKISTAN, SRI LANKA AND JAPAN DELEGATES PRIVATELY TELLING US SO. FRENCH DELEGATE MADE MILD STATEMENT NEXT DAY WHICH DID NOT DEVIATE FROM LINE WE HAVE COME TO KNOW SO WELL.

4. SECRETARIAT HAS DRAFTED RESOLUTION PROPOSING ECAFE CREATE ENERGY RESOURCES DEVELOPMENT CENTER WHICH WILL BE CONSIDERED IN TOMORROW'S SESSION. IN PRIVATE TALK WE HAD WITH EXECUTIVE SECRETARY MARAMIS, HE SEEMED APPRECIATE QUESTIONS WE RAISED RE NEED FOR AND FINANCING OF SEPARATE CENTER AND TO BE RECEPTIVE INCLUDING IT IN NATURAL RESOURCES DEVELOPMENT CENTER. OTHER ECAFE MEMBERS HAVE DOUBTS ALSO, INCLUDING JAPAN AND NETHERLANDS.

5. VIET NAM DELEGATE IN STRONGLY WORDED INTERVENTION STATED THAT PRC SEIZED PARACEL ISLANDS BECAUSE THEY IN OIL BEARING AREA. LIMITED OFFICIAL USE

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6. COMMENT: IT WAS FORTUNATE AND USEFUL THAT WE SENT DELEGATION FROM WASHINGTON SINCE MOST OTHER MEMBERS SENT OFFICIALS FROM THEIR CAPITALS, INCLUDING NONREGIONAL MEMBERS. AN IMPORTANT CONTRIBUTION THIS CONFERENCE WILL BE MORE COMPLETE FACTUAL BASIS FOR DETERMINING EFFECTS OIL PRICE RISES ON LARGE NUMBER ASIAN COUNTRIES. TO EXTENT THIS MEETING PROVIDES INDICATION OF TRENDS FUTURE REGIONAL ENERGY DISCUSSION, WE SHOULD SEE INCREASING WILL-

INGNESS ON PART DEVELOPING COUNTRIES TO ARTICULATE ECONOMIC
PLIGHT AND TO PLACE INCREASING RESPONSIBILITY ON OIL EXPORTERS
FOR SECURING REMEDIES.
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